

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00  
CIEP-02 DODE-00 FPC-01 H-02 INR-07 INT-05 L-03  
NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02  
SS-15 STR-04 TRSE-00 ACDA-10 FEA-01 PA-02 PRS-01 /117 W  
----- 091414 /17

P R 221023Z DEC 76  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC PRIORITY 9153  
INFO AMCONSUL KARACHI  
AMCONSUL LAHORE  
AMEMBASSY NEW DELHI  
USDOCOMMERCE

UNCLAS ISLAMABAD 13004

DEPT PASS INTERIOR

E.O. 11652: N/A  
TAGS: ENRG, ECRP, PK,  
SUBJ: BHUTTO ANNOUNCES IMPORTANT OIL AND GAS DISCOVERY

1. IN A DRAMATIC STATEMENT BEFORE THE NATIONAL ASSEMBLY  
DECEMBER 21, PM BHUTTO ANNOUNCED A SIGNIFICANT OIL AND GAS  
DISCOVERY. THE STRIKE BY THE GOP-OWNED OIL AND GAS DEVELOP-  
MENT CORPORATION ( OGDC) IS ESTIMATED TO CONTAIN OIL RESERVES  
OF 200 MILLION BARRELS AND GAS RESERVES EQUAL TO ONE-HALF  
THE SUI GAS FIELD (7.9 TRILLION CUFT). THE OIL RESERVES  
MAY BE ENOUGH TO MEET ALL OF PAKISTAN'S REQUIRMENTS FOR  
TEN YEARS. THE OIL IS REPORTEDLY OF GOOD QUALITY CON-  
SISTING PRIMARILY OF GASOLINES, KEROSENES AND DIESEL OIL  
FRACTIONS WHICH WOULD REQUIRE VERY LITTLE REFINING. THE  
DISCOVERY IS LOCATED AT DHODAK WEST OF THE INDUS IN DERA  
GHAZI KHAN DISTRICT OF THE SOUTHERN PUNJAB. THE CONCESSION  
IS IMMEDIATELY ADJACENT TO AMOCO'S BLOCK C CONCESSION ON  
WHICH THREE DUSTERS HAVE BEEN DRILLED WITHIN THE PAST TWO  
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YEARS.

2. IN THE SAME SPEECH, THE PRIME MINISTER ALSO ANNOUNCED  
A NEW GOP BUREAUCRATIC STRUCTURE FOR PETROLEUM, A FUTURE  
NEW EXPLORATION POLICY AND INCREASED RETAIL PRICES. HE  
SAID THAT A PAKISTAN PETROLEUM COMMISSION WOULD BE

FORMED TO REPLACE THE EXISTING PETROLUM FUNCTIONS WITHIN THE MINISTRY OF FUEL, POWER AND NATURAL RESOURCES AND THAT IT WOULD ABSORB OGDC. THIS NEW ORGANIZATION WILL BE THE FOCAL POINT FOR ALL POLICY MAKING, IMPLEMENTATION, AND REGULATION IN THE OIL AND GAS SECTOR. THE PRIME MINISTER SAID THE GOP WILL FORMULATE A NEW COMPREHENSIVE PETROLUM POLICY IN THE FUTURE. AMONG OTHER THINGS, THIS POLICY IS TO "PROVIDE A BOLD AND FLEXIBLE VEHICLE FOR ATTRACTING A WIDE ARRAY OF INTERNATIONAL OIL COMPANIES HAVING GOOD TRACK RECORD FOR OIL AND GAS DISCOVERIES IN DEVELOPING COUNTRIES." IN CLOSING, THE PM SAID THAT IT WOULD TAKE SOME TIME BEFORE THE EFFECTS OF THE NEW DISCOVERY PERMEATES THE ECONOMY AND IN VIEW OF THE OPEC PRICE INCREASE, THE GOP HAD DECIDED TO INCREASE THE RETAIL PRICES OF GASOLINE AND HIGH-SPEED DIESEL BY SIX PERCENT.

3. EMBASSY COMMENT: WHILE IT IS TOO EARLY FOR A DEFINITIVE EVALUATION, THIS OIL AND GAS DISCOVERY APPEARS VERY SIGNIFICANT FOR PAKISTAN IF THE FIGURES ANNOUNCED BY BHUTTO PROVE VALID. PAKISTAN HAS BEEN IMPORTING ABOUT 20.5 MILLION BARRELS OF CRUDE PER YEAR WITH DECLINING DOMESTIC PRODUCTION NOW RUNNING AT LESS THAN TWO MILLION BARRELS. PETROLEUM IMPORTS TO PAKISTAN HAS BEEN CONSUMING FORTY PERCENT OF THE COUNTRY'S EXPORT EARNINGS. AN AMERICAN PETROLEUM TECHNICIAN WORKING IN PAKISTAN INFORMED EMBOFF THAT FROM THE ANNOUNCEMENT AND KNOWN INDUSTRY INFORMATION, IT IS OBVIOUS THAT A GOOD QUALITY CRUDE HAS BEEN FOUND BUT MUCH WORK REMAINS TO BE DONE TO REACH A VALID RESERVE FIGURE. IT IS POSSIBLE TO MAKE A ROUGH ESTIMATE FROM THE KNOWN SIZE OF THE STRUCTURE AND THE TESTS AT THE WELL, BUT THAT THIS FIGURE CAN VARY GREATLY IN EITHER UNCLASSIFIED

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DIRECTION AFTER DEVELOPMENT WELLS ARE DRILLED. HE DID BELIEVE, HOWEVER, THAT THE PRESENT ANNOUNCEMENT WOULD STIMULATE INCREASED EXPLORATION ACTIVITY/

4. FURTHER EMBASSY EVALUATION FOLLOWS.  
CONSTABLE

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NNN

## Message Attributes

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